Agenda Item No.\_\_

File Code No. 260.02



# CITY OF SANTA BARBARA

### **COUNCIL AGENDA REPORT**

**AGENDA DATE:** September 28, 2010

**TO:** Mayor and Councilmembers

**FROM:** Treasury Division, Finance Department

**SUBJECT:** August 2010 Investment Report

### **RECOMMENDATION:**

That Council accept the August 2010 Investment Report.

### **DISCUSSION:**

The attached investment report includes Investment Activity, Interest Revenue, a Summary of Cash and Investments, and Investment Portfolio detail as of August 31, 2010.

**ATTACHMENT:** August 2010 Investment Report

**PREPARED BY:** Jill Taura, Treasury Manager

**SUBMITTED BY:** Robert Samario, Finance Director

**APPROVED BY:** City Administrator's Office

## CITY OF SANTA BARBARA Activity and Interest Report August 31, 2010

INVESTMENT ACTIVITY		INTEREST REVENUE				
PURCHASES OR DEPOSITS			POOLED INVESTMENTS			
8/3 LAIF Deposit - City	\$	1,000,000	Interest Earned on Investments	\$	288,650	
8/5 Federal National Mortgage Association (FNMA)		2,000,000	Amortization		(3,787)	
8/5 Federal Home Loan Bank (FHLB)		2,000,000	SBB&T Sweep Account Interest		437	
8/9 LAIF Deposit - City		4,000,000	Total	\$	285,301	
8/10 Federal National Mortgage Association (FNMA)		2,000,000				
8/23 LAIF Deposit - City		1,000,000				
8/25 LAIF Deposit - City		2,000,000				
8/30 LAIF Deposit - City		4,000,000				
8/31 LAIF Deposit - City		2,500,000				
Total	\$	20,500,000				
SALES, MATURITIES, CALLS OR WITHDRAWALS			RDA INVESTMENTS			
8/4 LAIF Withdrawal - City	\$	(6,000,000)	Interest Earned on Investments (LAIF)	\$	8,798	
8/9 Wells Fargo & Co. (WFC) - Maturity		(2,000,000)				
8/12 LAIF Withdrawal - City		(4,000,000)				
8/19 LAIF Withdrawal - City		(2,000,000)				
8/25 Federal Farm Credit Bank (FFCB) - Maturity		(2,000,000)				
8/30 LAIF Withdrawal - RDA		(4,000,000)				
8/31 LAIF Withdrawal - RDA		(1,500,000)				
Total	\$	(21,500,000)				
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ACTIVITY TOTAL	\$	(1,000,000)	TOTAL INTEREST EARNED	\$	294,099	

# CITY OF SANTA BARBARA Summary of Cash and Investments August 31, 2010

## **ENDING BALANCE AS OF JULY 31, 2010**

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 38,000,000	0.520%	24.82%	1
Certificates of Deposit	4,000,000	1.500%	2.61%	292
Federal Agency Issues - Coupon	98,949,330	2.686%	64.64%	980
Corporate/Medium Term Notes	6,006,924	5.120%	3.92%	126
	146,956,254	2.193%	95.99%	673
SB Airport Promissory Note	6,124,300	7.000%	4.00%	6,908
Totals and Averages	\$ 153,080,553	2.385%	100.00%	922
SBB&T Money Market Account	4,348,482			
Total Cash and Investments	\$ 157,429,035			

**NET CASH AND INVESTMENT ACTIVITY FOR AUGUST 2010** 

\$ (2,145,253)

## **ENDING BALANCE AS OF AUGUST 31, 2010**

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 35,000,000	0.513%	23.02%	1 (1)
Certificates of Deposit	4,000,000	1.500%	2.63%	261
Federal Agency Issues - Coupon	102,941,133	2.590%	67.69%	1,010
Corporate/Medium Term Notes	4,006,134	5.180%	2.63%	154
	145,947,267	2.133%	95.97%	724
SB Airport Promissory Note	6,124,300	7.000%	4.03%	6,877
Totals and Averages	\$ 152,071,567	2.329%	100.00%	972
SBB&T Money Market Account	3,212,215			
Total Cash and Investments	\$ 155,283,782			

Note:

<sup>(1)</sup> The average life of the LAIF portfolio as of August 31, 2010 is 194 days.

### CITY OF SANTA BARBARA Investment Portfolio August 31, 2010

DESCRIPTION	PURCHASE DATE	MATURITY DATE	QUALITY MOODY'S	RATING S&P	STATED RATE	YIELD AT	FACE VALUE	BOOK VALUE	MARKET VALUE	BOOK GAIN/(LOSS)	COMMENTS
LOCAL AGENCY INVESTMENT FUNDS	27112										
LOCAL AGENCY INVESTMENT FUND	_	_	_	_	0.513	0.513	20,000,000.00	20,000,000.00	20,000,000.00	0.00	
LOCAL AGENCY INV FUND/RDA	_	_	_	_	0.513	0.513	15,000,000.00	15,000,000.00	15,000,000.00	0.00	
Subtotal, LAIF					0.010	0.010	35,000,000.00	35,000,000.00	35,000,000.00	0.00	•
CERTIFICATES OF DEPOSIT											
MONTECITO BANK & TRUST	11/18/09	11/18/10	-	-	1.250	1.250	2,000,000.00	2,000,000.00	2,000,000.00	0.00	
MONTECITO BANK & TRUST	11/18/09	11/18/11	-	-	1.750	1.750	2,000,000.00	2,000,000.00	2,000,000.00	0.00	
Subtotal, Certificates of deposit							4,000,000.00	4,000,000.00	4,000,000.00	0.00	
FEDERAL AGENCY ISSUES - COUPON											
FEDERAL FARM CREDIT BANK	03/06/09	04/24/12	Aaa	AAA	2.250	2.120	2,000,000.00	2,004,132.07	2,055,630.00	51,497.93	
FEDERAL FARM CREDIT BANK	10/14/09	10/14/14	Aaa	AAA	2.875	2.875	2,000,000.00	2,000,000.00	2,006,570.00	6,570.00	Callable 10/14/10, then cont.
FEDERAL FARM CREDIT BANK	11/07/06	01/18/11	Aaa	AAA	5.750	5.000	2,000,000.00	2,005,075.62	2,042,810.00	37,734.38	
FEDERAL FARM CREDIT BANK	03/04/09	01/17/12	Aaa	AAA	2.000	2.002	2,000,000.00	2,000,000.00	2,043,130.00	43,130.00	
FEDERAL FARM CREDIT BANK	03/05/09	03/04/13	Aaa	AAA	2.600	2.600	2,000,000.00	2,000,000.00	2,090,010.00	90,010.00	
FEDERAL FARM CREDIT BANK	05/08/09	04/08/13	Aaa	AAA	2.200	2.200	2,000,000.00	2,000,000.00	2,071,250.00	71,250.00	
FEDERAL FARM CREDIT BANK	06/19/09	06/18/12	Aaa	AAA	2.125	2.125	2,000,000.00	2,000,000.00	2,055,320.00	55,320.00	
FEDERAL FARM CREDIT BANK	09/30/09	10/03/11	Aaa	AAA	1.125	1.125	2,000,000.00	2,000,000.00	2,015,000.00	15,000.00	
FEDERAL FARM CREDIT BANK	12/01/09	12/01/14	Aaa	AAA	2.840	2.840	2,000,000.00	2,000,000.00	2,012,500.00	12,500.00	Callable 12/01/10, then cont.
FEDERAL FARM CREDIT BANK	01/13/10	01/13/15	Aaa	AAA	3.180	3.180	2,000,000.00	2,000,000.00	2,021,880.00	21,880.00	Callable 1/13/11, then cont.
FEDERAL FARM CREDIT BANK	04/30/10	04/09/15	Aaa	AAA	2.900	2.916	2,000,000.00	1,998,743.12	2,073,130.00	74,386.88	Callable 4/09/12, once
FEDERAL HOME LOAN BANK	05/22/07	06/10/11	Aaa	AAA	5.250	5.005	2,000,000.00	2,003,387.04	2,073,750.00	70,362.96	
FEDERAL HOME LOAN BANK	07/09/07	02/15/11	Aaa	AAA	4.000	5.308	2,000,000.00	1,989,269.14	2,034,690.00	45,420.86	
FEDERAL HOME LOAN BANK	03/04/09	06/08/12	Aaa	AAA	4.375	2.110	1,700,000.00	1,765,481.32	1,801,201.00	35,719.68	
FEDERAL HOME LOAN BANK	04/15/10	10/15/13	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,065,940.00	65,940.00	
FEDERAL HOME LOAN BANK	08/05/10	09/12/14	Aaa	AAA	1.375	1.375	2,000,000.00	2,000,000.00	2,016,880.00	16,880.00	
FEDERAL HOME LOAN BANK	06/30/09	06/30/14	Aaa	AAA	2.000	3.733	2,000,000.00	2,000,000.00	2,029,380.00	29,380.00	SU 5%, Callable 6/30/11, once
FEDERAL HOME LOAN BANK	09/17/09	12/13/13	Aaa	AAA	3.125	2.440	2,000,000.00	2,042,451.50	2,133,130.00	90,678.50	
FEDERAL HOME LOAN BANK	01/15/10	10/30/12	Aaa	AAA	1.700	1.700	2,000,000.00	2,000,000.00	2,043,440.00	43,440.00	
FEDERAL HOME LOAN BANK	03/30/10	09/30/13	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,019,070.00	19,070.00	Callable 3/30/11, once
FEDERAL HOME LOAN BANK	04/05/10	11/29/13	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,065,320.00	65,320.00	
FEDERAL HOME LOAN BANK	06/29/10	10/29/12	Aaa	AAA	1.125	1.125	2,000,000.00	2,000,000.00	2,018,750.00	18,750.00	
FEDERAL HOME LOAN BANK	09/14/06	09/29/10	Aaa	AAA	5.125	5.070	1,000,000.00	1,000,036.18	1,003,750.00	3,713.82	
FEDERAL HOME LOAN BANK	05/23/08	06/10/11	Aaa	AAA	3.125	3.520	2,000,000.00	1,994,216.54	2,039,690.00	45,473.46	
FEDERAL HOME LOAN BANK	05/28/10	05/28/15	Aaa	AAA	2.000	2.653	2,000,000.00	2,000,000.00	2,051,870.00	51,870.00	SU 3.35%, Callable 11/28/12, once
FEDERAL HOME LOAN BANK	06/16/08	12/10/10	Aaa	AAA	3.250	3.800	2,000,000.00	1,997,129.66	2,016,570.00	19,440.34	
FEDERAL HOME LOAN BANK	09/17/09	09/13/13	Aaa	AAA	4.375	2.272	2,000,000.00	2,121,306.30	2,207,820.00	86,513.70	

### CITY OF SANTA BARBARA Investment Portfolio August 31, 2010

		MATURITY	QUALITY		STATED	YIELD AT	FACE	воок	MARKET	воок	
DESCRIPTION	DATE	DATE	MOODY'S	S&P	RATE	365	VALUE	VALUE	VALUE	GAIN/(LOSS)	COMMENTS
FEDERAL HOME LOAN BANK	02/22/10	12/13/13		AAA	3.125	2.130	2,000,000.00	2,062,402.01	2,133,130.00	70,727.99	
FEDERAL HOME LOAN BANK	03/26/10	06/08/12		AAA	1.375	1.325	2,000,000.00	2,001,737.27	2,028,440.00	26,702.73	
FEDERAL HOME LOAN BANK	07/14/10	07/14/15		AAA	2.000	2.336	2,000,000.00	2,000,000.00	2,026,880.00	26,880.00	SU 2.0% - 3.5% Call 7/14/11, then q
FEDERAL HOME LOAN BANK	06/30/10	06/30/14	Aaa	AAA	1.125	2.277	2,000,000.00	2,000,000.00	2,018,130.00	18,130.00	SU 3% Callable 12/30/11, once
FEDERAL HOME LOAN MTG CORP	04/08/09	04/08/13		AAA	2.500	2.526	2,000,000.00	1,999,397.22	2,024,320.00	24,922.78	Callable 4/08/11, once
FEDERAL HOME LOAN MTG CORP	05/19/09	11/19/12		AAA	2.170	2.170	2,000,000.00	2,000,000.00	2,023,500.00	23,500.00	Callable 5/19/11, once
FEDERAL HOME LOAN MTG CORP	09/03/09	09/21/12		AAA	2.125	1.699	2,000,000.00	2,016,983.61	2,059,690.00	42,706.39	
FEDERAL HOME LOAN MTG CORP	05/13/09	05/13/13	Aaa	AAA	2.400	2.400	2,000,000.00	2,000,000.00	2,026,780.00	26,780.00	Callable 5/13/11, once
FEDERAL HOME LOAN MTG CORP	10/28/09	10/28/14	Aaa	AAA	3.000	3.000	2,000,000.00	2,000,000.00	2,008,440.00	8,440.00	Callable 10/28/10, then qtrly
FEDERAL HOME LOAN MTG CORP	06/09/09	08/17/12	Aaa	AAA	1.000	2.420	2,000,000.00	1,946,693.31	2,009,000.00	62,306.69	
FEDERAL HOME LOAN MTG CORP	03/26/10	04/25/12	Aaa	AAA	1.125	1.197	1,000,000.00	998,826.28	1,009,290.00	10,463.72	
FEDERAL HOME LOAN MTG CORP	05/22/07	09/17/10	Aaa	AAA	3.880	5.015	2,000,000.00	1,999,079.63	2,003,200.00	4,120.37	
FEDERAL HOME LOAN MTG CORP	04/29/09	10/29/12	Aaa	AAA	2.250	2.250	2,000,000.00	2,000,000.00	2,005,960.00	5,960.00	Callable 10/29/10, once
FEDERAL HOME LOAN MTG CORP	06/30/10	06/30/15	Aaa	AAA	2.000	2.914	2,000,000.00	2,000,000.00	2,025,120.00	25,120.00	SU 2.0%-4.5%, Call 6/30/11, annual
FEDERAL NATL MORTGAGE ASSN	03/18/09	09/18/12	Aaa	AAA	2.500	2.500	2,000,000.00	2,000,000.00	2,023,440.00	23,440.00	Callable 3/18/11, once
FEDERAL NATL MORTGAGE ASSN	03/23/09	03/23/12	Aaa	AAA	2.000	2.491	2,000,000.00	2,000,000.00	2,001,570.00	1,570.00	SU 3%, Callable 9/23/10, once
FEDERAL NATL MORTGAGE ASSN	09/09/09	09/09/14	Aaa	AAA	3.250	3.250	2,000,000.00	2,000,000.00	2,001,260.00	1,260.00	Callable 9/09/10, once
FEDERAL NATL MORTGAGE ASSN	03/16/10	09/16/13	Aaa	AAA	2.100	2.130	2,000,000.00	1,999,833.33	2,001,260.00	1,426.67	Callable 9/16/10, once
FEDERAL NATL MORTGAGE ASSN	07/07/10	07/07/15	Aaa	AAA	2.350	2.350	2,000,000.00	2,000,000.00	2,025,940.00	25,940.00	Callable 7/07/11, once
FEDERAL NATL MORTGAGE ASSN	04/15/10	07/15/13	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,003,760.00	3,760.00	Callable 10/15/10, once
FEDERAL NATL MORTGAGE ASSN	05/24/10	06/24/13	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,019,380.00	19,380.00	Callable 6/24/11, once
FEDERAL NATL MORTGAGE ASSN	08/10/10	08/10/15	Aaa	AAA	2.000	2.055	2,000,000.00	1,994,951.67	2,025,940.00	30,988.33	Callable 8/10/12, once
FEDERAL NATL MORTGAGE ASSN	02/27/09	02/24/12	Aaa	AAA	2.250	2.250	2,000,000.00	2,000,000.00	2,016,880.00	16,880.00	Callable 2/24/11, once
FEDERAL NATL MORTGAGE ASSN	03/09/10	03/09/15	Aaa	AAA	3.000	3.000	1,000,000.00	1,000,000.00	1,000,630.00	630.00	Callable 9/09/10, once
FEDERAL NATL MORTGAGE ASSN	08/05/10	08/05/15	Aaa	AAA	2.125	2.125	2,000,000.00	2,000,000.00	2,023,440.00	23,440.00	Callable 8/05/11, once
FEDERAL NATL MORTGAGE ASSN	05/19/10	05/19/15	Aaa	AAA	3.125	3.125	2,000,000.00	2,000,000.00	2,010,940.00	10,940.00	Callable 11/19/10, then qtrly
Subtotal, Federal Agencies						•	102,700,000.00	102,941,132.82	104,664,801.00	1,723,668.18	•
CORPORATE/MEDIUM TERM NOTES											
GENERAL ELECTRIC CAPITAL CORP	01/10/07	02/22/11	Aa2	AA+	6.125	5.100	2,000,000.00	2,008,667.69	2,053,740.00	45,072.31	
WELLS FARGO & CO.	05/30/07	01/12/11	A1	AA-	4.875	5.260	2,000,000.00	1,997,466.53	2,031,580.00	34,113.47	
Subtotal, Corporate Securities						·	4,000,000.00	4,006,134.22	4,085,320.00	79,185.78	
SB AIRPORT PROMISSORY NOTE (LT)											
SANTA BARBARA AIRPORT	07/14/09	06/30/29	_	_	7.000	7.000	6,124,299.81	6,124,299.81	6,124,299.81	0.00	
Subtotal, SBA Note	3771.700	33,33,23			7.000	1.000	6,124,299.81	6,124,299.81	6,124,299.81	0.00	
TOTALS							151,824,299.81	152,071,566.85	153,874,420.81	1,802,853.96	

Market values have been obtained from the City's safekeeping agent, Santa Barbara Bank and Trust (SBB&T). SBB&T uses Interactive Data Pricing Service, Bloomberg and DTC.